



British Columbia Liquor Distribution Branch



THREE YEAR CORPORATE STRATEGY

A Performance Plan for
2001 - 2004

About the Liquor Distribution Branch

The Liquor Distribution Branch regulates the distribution, importation and retailing of beverage alcohol in the province of B.C. by mandate of the Liquor Distribution Act.

LDB resources include:

- 222 government liquor stores
- Two distribution centres
- More than 3,000 full and part-time employees

As well, the LDB oversees retail operating agreements with:

- 143 Rural Agency Stores
- 289 Licensee Retail Stores
- 23 Consignment Agency Stores
- 96 Private Wine Outlets

LDB operating business departments include:

- Retail Services (Store Operations, Distribution, Property Management, and Merchandise Services)
- Finance
- Human Resources
- Information Services
- Corporate Policy
- Communications
- Corporate Strategy & Change Management
- Loss Prevention
- Legal Services
- Audit

The LDB general manager reports directly to the deputy minister responsible for the Liquor Distribution Branch.



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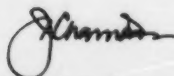
Letter from the General Manager

I am pleased to present the Liquor Distribution Branch's three-year performance plan, our strategic guide for the next three years.

As in previous years, the LDB has based its plan on four pillars that help define our key goals: Customer Service, Business Effectiveness, Workplace Quality and Social Responsibility. In keeping with last year, we have added our financial objectives as part of the structure supported by our key strategic priorities.

Each and every significant LDB initiative is based on one or more of the pillars and demonstrates our commitment to these critical objectives. Like any large company, we must continue to adapt to changes in our marketplace. I believe our pillars will help us meet the challenges that lie ahead and plan for the future. It is our strong commitment to these goals, as well as our flexibility, that allows us to maintain our status as a leading retailer in British Columbia.

In keeping with the British Columbia government's new performance planning guidelines, our plan reflects the LDB's key business activities and will help ensure public accountability. Ultimately, it is our staff who will make this strategic plan a reality and help the LDB meet its goals. I would like to welcome everyone in joining me for another exciting year ahead.



Jay Chambers
General Manager

The Strategic Planning Framework

At the beginning of each fiscal year, the Liquor Distribution Branch publishes a new strategic plan. Each time the plan is published it reflects a three-year time horizon. In other words, the plan addresses the fiscal year in which it is published and the following two fiscal years.

Each new strategic plan is developed over a one-year period. As soon as one version of the plan is published, work begins on the next version. The yearly process of developing any given plan entails a cycle of meetings involving the Executive Management Committee and other senior managers. These persons also work on the plan between meetings.

Each year, activities at several levels must occur to produce a new plan. These include:

- Progress toward attaining goals and objectives in the current plan is tracked and measured.
- The environmental scan is updated. The scan is an assessment of the various internal and external factors which may drive the business of the LDB forward or represent challenges to the achievement of business goals.
- Goals, objectives, targets and measures are refined or developed anew.

A strategic plan is not just a document. It is a tool to guide management actions and behaviours during the course of the plan's execution.

The purpose of publishing a strategic plan is to develop and clarify management's intent and to convert that intent to reality. This requires rigorous follow-up and intensive administration.

At the LDB, we take the view that three essential and interrelated factors must be present:

- **Alignment** - Plans and policies developed by departments and work units must be in alignment with the corporate strategic plan.
- **Metrics** - For each objective in the plan, there must be specific, verifiable measures and performance targets which must be tracked during the execution of the plan.
- **Accountability** - An individual must be identified to be responsible for each objective in the plan. Quarterly reports on progress are required.

Strategic Context

Mission Statement *The mission of the BC Liquor Distribution Branch is to be a customer-focused, profitable and socially responsible retailer of beverage alcohol and to impartially regulate the distribution and sale of beverage alcohol in the province of British Columbia.*

Values Six core corporate attributes constitute the foundation upon which the Liquor Distribution Branch supports its customers, suppliers and employees. We seek to demonstrate behaviour that is consistent with these values in all that we do.

Service - to our customers, suppliers and co-workers

Quality - in everything we do

Responsibility - to fulfill our social commitments to the citizens of British Columbia

Integrity - in all our business practices

Innovation - to achieve constant improvement

A Positive Work Life - that fosters teamwork, mutual respect and individual development.

STRATEGIC CONTEXT

Vision The British Columbia Liquor Distribution Branch will be recognized as a truly superior retailer in each of the communities it serves. We will achieve this through the provision of quality products, services and relationships with customers and stakeholders at every level. We will constantly strive for the greatest possible value for our people, customers and stakeholders.

What it will take to make this vision a reality:

In order to realize this vision, all of us employed by the LDB must continually remind ourselves that, fundamentally, we are a retailer. All departments, teams and workgroups must constantly maintain a retail focus. We must think like retailers. We must know that our ultimate purpose is to serve customers, whether we are working in stores or supporting those who work in stores. Those of us who do not directly serve retail customers serve those who do. Our vision embodies business success. Business success depends wholly on our service to retail customers. We must all think like a retailer.

Environmental Scan In the development of any business plan it is important to consider the various factors, both internal and external, that may affect an organization's ability to accomplish its mission and goals.

To prepare for this plan, the LDB Executive Management Committee considered the following opportunities and challenges.

The External Situation

The Provincial Economy

Recent evidence of an economic slowdown in the U.S. suggests that Canada may also experience a decline in economic activity. This decline could have an impact on consumer spending. However, the beverage alcohol industry does not usually fluctuate as much as the rest of the retail sector when economic activity slows down.

The Retail Picture in Canada

The new millennium presents a number of trends and challenges for the retail industry.

Two strong trends include the increasing use of Internet retailing and retail customer loyalty programs. The extent to which these trends can be supported and implemented by the LDB is being explored.

As for challenges, the Retail Council of Canada predicts fierce competitive pressures, demanding consumers and

shrinking margins. A study conducted in 2000 for the Retail Council revealed that British Columbian shoppers say they remain loyal to their favourite stores not because they have the lowest prices, but because they provide good customer service and carry quality products and brands. LDB research tells us that B.C. consumers place a very high premium on the total shopping experience. Good customer service and the right mix of products play commanding roles in their level of satisfaction.

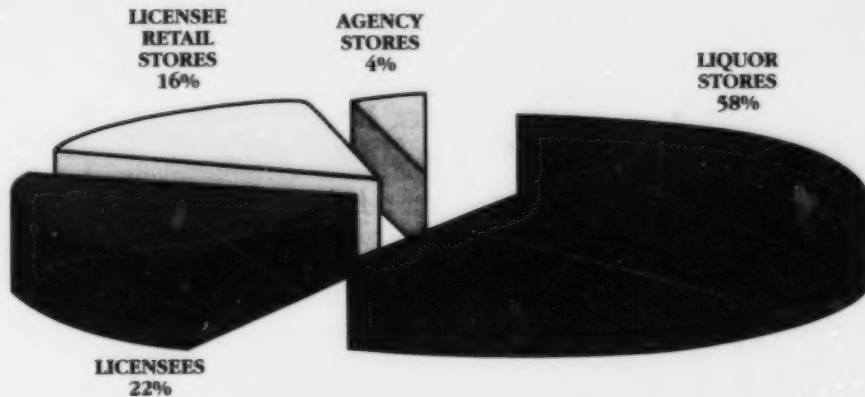
Customer Profile

The LDB serves both wholesale and retail customers. The wholesale market includes agency stores, licensee retail stores and licensees. Customers are those who make purchases at LDB liquor stores.

Retail and wholesale customer expectations are changing due to a number of factors, including awareness of the effects of alcohol abuse, aging baby boomers, and the demand for enhanced value in the retail shopping experience.

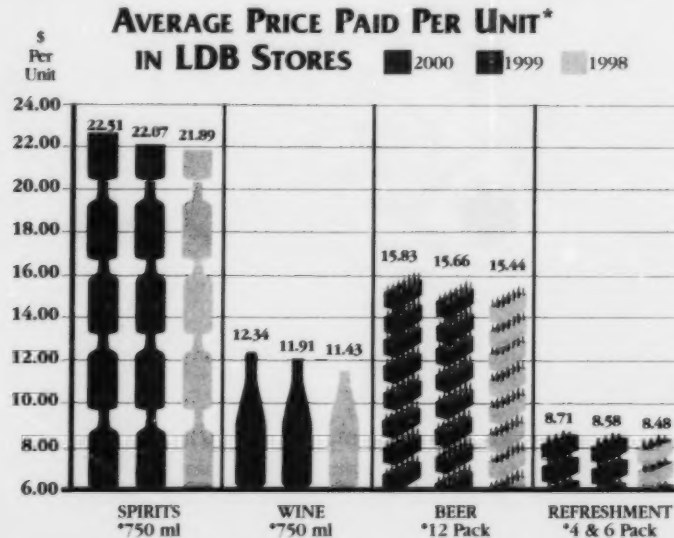
Aging baby boomers present both challenges and opportunities. As people age, they tend to drink less. At the same time they are more selective, and control a very large percentage of disposable income in Canada.

SALES BY OUTLET TYPE



Sales figures suggest a "premiumization" of beverage alcohol. The extent to which the anticipated levelling off of per capita consumption will be offset by higher-quality sales (and, typically, higher margins) is not yet known.

These charts provide some evidence of the effects of premiumization on sales. For both wine and spirits there is an upward trend, with customers paying more per bottle, resulting in additional revenue. The same trend is evident in beer despite lower domestic prices in 2000.



The B.C. Population

The total population of British Columbia is expected to increase by approximately 1.5 per cent during each of the next three years. Of more importance to the LDB is the percentage increase of various age groups. Age is key in determining consumption and product selection. During the next three years, while the 20 to 30 age group will remain relatively stable, the older groups (40-59) will begin to increase in size.

Perhaps the most important population trend in B.C. is the increase in diversity and multiculturalism.

For example, the most common languages spoken, other than English, are Chinese (Cantonese/Mandarin), Punjabi, German, French, Dutch, Italian, Tagalog, Spanish and Japanese. To meet the demands and needs of this diverse population the LDB needs to understand the consumption patterns of various ethnic communities.

Responsible Use of Alcohol

Over the years, society has become more intolerant of alcohol abuse and the negative behaviours associated with it, such as drinking and driving. Several successful prevention programs have been developed to educate people on the

hazards of irresponsible drinking. Examples include ICBC's Drinking Driving CounterAttack, the LDB's Responsible Use program and the Mothers Against Drunk Driving (MADD) campaigns.

Researchers now propose an approach that examines the difference between negative and positive drinking habits. They recommend that negative drinking habits be modified by reducing occasions involving heavy drinking and reducing the negative behaviours associated with drinking. Positive drinking habits, on the other hand, should be promoted by focusing on safe drinking limits, responsible drinking habits and individual choice.

Researchers are looking at what best predicts whether people will experience a positive or negative effect from drinking beverage alcohol. The quantity consumed does not seem to be the only basis for understanding drinking behaviour.

As a result, there are important opportunities for the LDB to develop new programs to educate the public about the responsible use of beverage alcohol. These include looking at the consequences of excessive drinking in terms of one's health and well-being. There may also be new opportunities to partner with other interest groups in developing educational programs.

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The Internal Situation

Financial

LDB sales for 2000/01 are estimated at \$1.704 billion, with net income projected at \$635 million. This represents an \$18 million increase from the previous year, \$10 million of which relates to a one-time adjustment for pension rebate and cost of sales from previous years.

In recent years, net income has increased at a lower rate than operational expenses. This is

largely attributable to new customer service initiatives such as the introduction of debit/credit cards and the beverage container program.

The LDB continues to face ongoing challenges to reduce operating expenses and to improve on previous years' performances. This will be more difficult in

Year	(\$000) Sales	(\$000) Operating Expense	(\$000) Net Income	Net Income as a % of Sales	Operating Expense as a % of Sales
96/97	1,540	164	587	38.12	10.65
97/98	1,594	166	606	38.02	10.41
98/99	1,641	178	616	37.54	10.85
99/00	1,663	189	617	37.10	11.37
E.A. 00/01	1,704	196	635	37.27	11.50
Bud. 01/02	1,720	215	616	35.81	12.50



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Environmental Impact

In 1998, the Beverage Container Stewardship Program Regulation expanded the deposit/refund system to include all alcoholic and non-alcoholic beverages. The LDB assumed responsibility for the environmental stewardship of all beverage alcohol containers sold in the province, with the exception of refillable beer bottles and cans.

In the 2000-2001 fiscal year, the LDB's program recycled approximately 80 million containers. The challenge over the next three years is to fine-tune the beverage container return system to ensure it maintains a high rate of return at the lowest cost. The LDB will continue to ensure the system is customer-friendly and safe.

The LDB must also continue to improve and build upon other opportunities for waste reduction and recycling.

Supplier Relations The LDB is the primary customer for the beverage alcohol supplier and agent community in British Columbia, which means it is the principal connection between producers and consumers.

In recent years, the LDB has developed closer ties with its suppliers and will continue to do so. These relationships include distillers' and brewers' associations, the BC Wine Institute, the International Vintners and Spirits Association and other distributors' associations. The goal of these enhanced relationships is to ensure that the LDB retail programs work to the mutual benefit of the retailer, the supplier and, most importantly, the customer. It is important that suppliers and agents understand the responsibilities of the LDB. The LDB has been entrusted with the task of selling beverage alcohol in a socially responsible manner to all customers.

The LDB will continue to improve retail operations by working with our industry partners. Improved communication fosters better understanding to the benefit of all parties.

U-brews and U-vins

U-brews and U-vins provide the facilities, equipment and ingredients for patrons to make beer and wine. There are approximately 300 of these establishments operating in B.C. As of April 2000, these establishments were licensed by the Liquor Control and Licensing Branch. More detailed information about production volumes will be available in the near future. Licensing and regulation of U-brews and U-vins may reduce illegal activity and result in increased LDB sales.

Technology

The LDB wishes to leverage shared technologies and information to enhance services and improve efficiencies.

Technology is rapidly changing the business landscape. It is becoming increasingly central to new business models as well as to performing fundamental functions. A key challenge is to anticipate and understand potential technological shifts required to continue to meet customer and stakeholder needs.

Business partners are seeking more efficient supply chain processes through e-business-to-business technology. This is forcing a cultural shift in organizations toward collaboration, the sharing of information and the formation of partnerships. This has an impact on organizational structures, change management and supporting system infrastructures.

Employees are requiring new tools and additional knowledge to perform their jobs. New technologies are appearing to improve efficiencies and services. These technologies provide potential benefits to our customers, business partners and employees, through enhanced communication, information exchange, business efficiencies and services.

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the next few years, due to a significant increase of investment in new technology and information systems beginning in fiscal 2001/02. As described in the "Customer Profile" section of this plan, there is an apparent shifting in the revenue model. As the population ages customers appear to be drinking less; however, they are buying more premium products. It remains to be seen whether the shift to premiumization will offset the apparent decrease in quantity consumed.

Our People

The LDB, like other employers, is facing significant human resource challenges in the coming years. However, the LDB has many strengths that will enable it to rise to these challenges, the most important being the skills and dedication of its employees in meeting and exceeding customer service expectations.

AGING WORKFORCE

The aging workforce at the LDB will result in an unusually high turnover rate during the next 5 to 10 years. It is anticipated that the rate of retirement may be three times the current level in 10 years. Much of the increased

retirement will be among senior staff in positions that require extensive experience.

BECOMING AN EMPLOYER OF CHOICE

The aging population in B.C. will create a shortage of skilled senior staff, since most individuals with the required skill sets and experience will also be retiring from their current employers and, therefore, not be available.

These pressures will be particularly felt for highly skilled professional and technical occupations and for select operational management positions. The LDB has a tradition

of hiring from within. While we are currently able to find competent store and area managers, the anticipated number of retirements may well deplete our internal talent pool. Should this occur, it would challenge the LDB to implement alternative strategies to:

- Attract and retain qualified people to a career in retail
- Ensure our employees reflect the diversity of the communities they serve
- Provide developmental opportunities and a learning environment

EMPLOYEE DEVELOPMENT

Whenever possible, the LDB has supported and will continue to support the training and development of its employees, and the focus on delivering programs in the most efficient and effective manner. We must continually find ways to provide training to over 200 worksites, while making operational considerations and customer service a priority.

HEALTH AND SAFETY

The combination of an aging workforce and the labour-intensive nature of our retail and distribution operations creates specific challenges for the LDB. The physical nature of the work can result in higher injuries and sickness. Time lost due to illness and injury has been increasing during the past several years within our organization, within government, and throughout Canadian business. Emphasis at the LDB is being placed on safety, ergonomic programs, wellness initiatives, and attendance management, to help employees work safely and remain healthy, positive and productive.

As for safety, violence in the workplace is an issue that is receiving increased attention in business and industry. Due to the LDB's strong retail presence in every community, and a high-profile product for sale, the LDB continues to focus on taking a strong position in providing resources to ensure employee and customer safety in the workplace.

Organization Culture

The LDB has been growing and transforming over the last several years, from a regulator of liquor to a progressive retailer of beverage alcohol. LDB executive, mid-management, supervisors and staff have been working toward change and growth as individuals and as teams, focusing on programs and initiatives that strengthen our position as a responsible customer-focused community retailer.

Information and Technology

The information systems at the LDB must meet current and anticipated demands. Currently, applications are spread over too many platforms and use too many databases, adding to the complexity of the system.

One of the key challenges facing the LDB is the need to balance investment in the maintenance of existing systems and the purchase of new systems. In addition, new systems must have the potential to add to sales revenue and services. The Information Services Department is business driven, identifying opportunities for continuous improvement and advising on the use of technologies in support of the corporate vision. Collaboration with users is

required to align their strategies with those of the business.

Initiatives need to be prioritized due to competing demands for resources. Where possible, technologies that are being implemented are considered mainstream and proven. The technology infrastructure is being reviewed to ensure the supporting architecture is current, cost-effective, functional and positions the LDB for the future.

To support lifetime business management, it is important to provide employees with the appropriate information and the means to access it when and where needed. Information

needs to be timely and accurate with improved analytical capability. To this end, a review has been conducted to explore the benefits of a data warehouse. A review is also underway regarding the potential of e-business. This opportunity is being approached from a holistic perspective, which includes business-to-business, business-to-employee and business-to-consumer.

As well, there is a major initiative underway to replace the retail store systems to permit conversion from the Canadian Standard Product Code (CSPC) to the international Universal Product Code (UPC) method of product identification. The 20-year-old cash registers are scheduled to be replaced by October 31, 2001, which will result in improved operational capabilities. At the same time, the level of effort required to successfully implement this large project represents a significant challenge to the LDB, in terms of logistics, change and resourcing.

Stores The LDB has an extensive network of stores throughout the province, which represent a significant strength in meeting consumer needs. At the same time there are a number of challenges facing the store network.

Leasing costs are increasing, particularly in the Greater Vancouver Regional District and Victoria, putting pressure on revenue margins. There are also fewer desirable spaces available. At the same time, the LDB's goal is to improve the quality of the premises to provide higher levels of customer service.

The model that is being implemented where possible in large urban centres is a "hub and spoke" approach, in which a full-service store is surrounded by a series of smaller, convenient neighbourhood stores.

The Four Pillar Framework

For the past seven years, the LDB has organized its strategic priorities and key objectives around the concept of four pillars that serve as the foundation for all LDB initiatives.

Last year we acknowledged a fifth key results area: Financial. Our conceptual model now takes the form shown here and suggests



that our monetary contribution to the province of B.C. constitutes the symbolic roof supported by our four pillars.

Our goals for each of the five areas are as follows:

FINANCIAL:

Attain and maintain a net income of 38 per cent of annual gross sales.

CUSTOMER SERVICE:

Understand and meet the needs of our retail customers, business partners, and internal customers by having the right product or service in the right place at the right time, delivered by friendly, courteous and knowledgeable staff.

BUSINESS EFFECTIVENESS:

Manage internal business practices in a climate of continuous improvement, operating efficiencies and value added.

WORKPLACE QUALITY:

Employ a workforce of motivated and satisfied employees who pull together effectively in groups and teams and who are confident that their work environment is safe.

SOCIAL RESPONSIBILITY:

Achieve recognition in the industry and community in the promotion of responsible drinking and as an organization that is reducing its impact on the environment.

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KEY OBJECTIVES, MEASURES & STRATEGIES

Total Sales and Net Income

Objective: F.1 Achieve revenue and net income targets as indicated below for each of the three fiscal years addressed in this plan.*

MEASURE	TARGET
Total Revenue	Fiscal 2001-02: 1.72 billion Fiscal 2002-03: 1.75 billion Fiscal 2003-04: 1.76 billion
Net Income	Fiscal 2001-02: 616 million Fiscal 2002-03: 625 million Fiscal 2003-04: 631 million

**Specific objectives for the three years addressed in this plan are somewhat less, due to the amortization of extraordinary capital expenditures related to the replacement of cash registers.*

Operating Expenses Objective: F.2 Manage operating expenses to the levels indicated below for each of the three fiscal years addressed in this plan.*

MEASURE	TARGET		
Salaries	130.6	132.6	133.8
Rents	27.8	25.2	28.4
Professional Services	2.9	2.9	3.0
Amortization	15.5	15.7	15.9
Merchandising	2.1	2.1	2.1
Bank Charges	6.1	6.2	6.2
Data Processing	2.9	2.9	3.0
Other	27.1	27.5	27.7
Total	215.0	218.1	220.1

Financial Objectives

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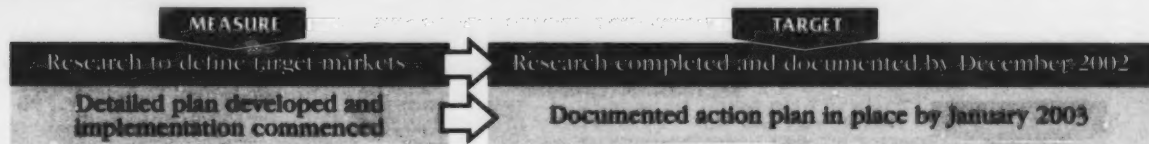
Operating Expenses

Objective: F.2 Manage operating expenses to the levels indicated below for each of the three fiscal years addressed in this plan.*

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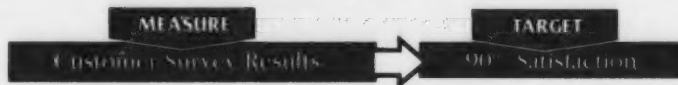
Customer Service

Marketing Strategy **Objective: CS.1** Develop and implement an integrated, cross-functional marketing plan.



- Strategy**
- Conduct research to define different target markets and niches.
 - Develop the most appropriate mix for the different target markets and niches.
 - Develop and implement the marketing action plan.

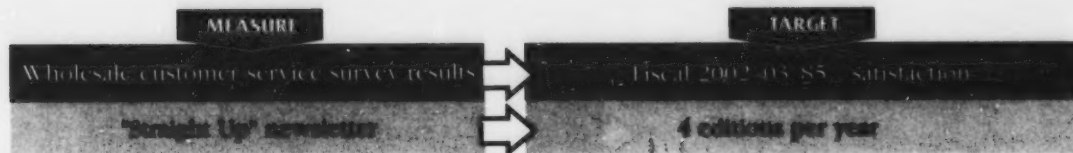
Customer Satisfaction **Objective: CS.2** Attain and maintain a customer satisfaction rating of 90 per cent as measured in part by customer surveys administered in a cross-section of stores.



- Strategy**
- Design and conduct survey.
 - Evaluate results, communicate to stake holders and implement initiatives as needed.
 - Monitor survey results and action items through the LDB's performance management process.
 - Develop retail space management criteria to improve customer service by creating interesting and exciting shopping experiences.

Wholesale Customers

Objective CS.3 Provide proactive and cost-effective customer service, which will meet or exceed wholesale customer' expectations.

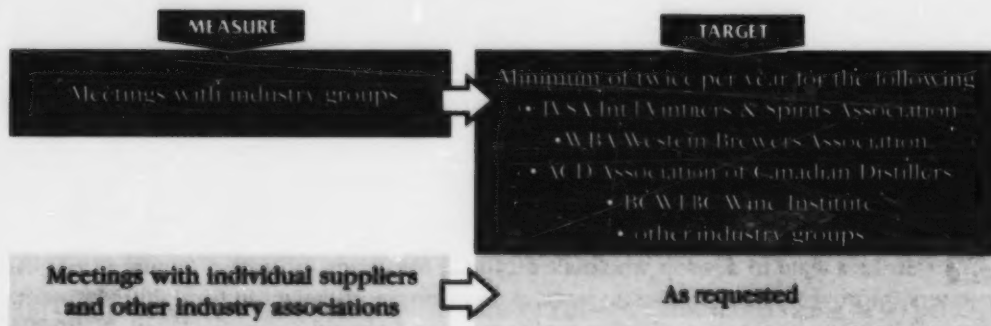


- Strategy**
- Strike a team to develop wholesale customer initiatives, including: "Straight Up" quarterly newsletters, improvements to wholesale services and delivery initiatives in fiscal 2001-02.
 - Review and improve inventory availability for licensees, and identify inventory location in fiscal 2001-02.
 - Select a contractor, develop and administer a wholesale customer survey in fiscal 2002-03.
 - Evaluate survey results, communicate to stakeholders and take corrective action as appropriate in fiscal 2002-03.

'Wholesale customers are: Rural Agency Stores, Private Wine Stores, Cold Beer & Wine Stores, B.C. Licensees and the Yukon, Nunavut and Northwest Territories.

Suppliers & Industry Partners

Objective: CS.4 Continue to develop proactive and constructive business relationships with suppliers and industry groups to maximize profitability and customer service.



- Strategy**
- Continue to meet with individual suppliers and industry groups on an ongoing basis regarding business initiatives and customer service opportunities.
 - Proactively manage the product life cycle.
 - Emphasize effective retail space management, category resets and space optimization.

Retail Store Network

Objective: CS.5 Continue to develop a modern retail network of stores which will maximize customer service, create interesting and exciting shopping experiences and increase sales.

MEASURE	TARGET
Renovations, relocations and/or new locations	Fiscal 2004 02-12 Fiscal 2002 03-11 Fiscal 2003 01-10
Opening/operation of temporary seasonal stores	up to 6 per year
New retail space management criteria	Criteria developed and documented by December 2003

Strategy • Identify priority trading areas.

- Identify longer-term opportunities and challenges in the priority trading areas and develop them.
- Identify short-term priority store locations within the longer-term plan.
- Develop strategy to meet the short-term and long-term goals.
- Negotiate lease terms and conditions that support the strategy.

Training in Support of Customer Service

Objective: CS.6 Continue to develop and deliver high-impact training initiatives to enhance employee customer-service skills and product knowledge.

These include the following programs and courses:

- Progressive Retailing (PR)
- Assistant Manager Training Program (AMTP)
- Store Manager Development Program (SMDP)
- Product Knowledge (PK)

Strategy • Develop and/or design training initiatives in coordination with internal resources and external consultants where appropriate.

- Conduct formative and summative evaluation of all programs to determine impact and revise/refine as necessary.
- Closely monitor and review content to identify and incorporate new and relevant information.

MEASURE	TARGET
Number of PR sessions delivered	Fiscal 2001-02: 10 Fiscal 2002-03: 10 Fiscal 2003-04: 10
Number of employees participating in PR	Fiscal 2001-02: 200 Fiscal 2002-03: 200 Fiscal 2003-04: 200
Number of AMTP modules delivered	Fiscal 2001-02: 41 Fiscal 2002-03: 41 Fiscal 2003-04: 40
Number of employees enrolled in AMTP	Fiscal 2001-02: 40 Fiscal 2002-03: 40 Fiscal 2003-04: 40
Number of SMDP modules delivered	Fiscal 2001-02: 5 Fiscal 2002-03: 5 Fiscal 2003-04: 5
Number of employees enrolled in SMDP	Fiscal 2001-02: 30 Fiscal 2002-03: No intake planned Fiscal 2003-04: 30
Number of employees trained in PK 2	Fiscal 2001-02: 150 Fiscal 2002-03: 150 Fiscal 2003-04: 150
Number of employees trained in PK 3	Fiscal 2001-02: 64 Fiscal 2002-03: 64 Fiscal 2003-04: 64

Multiculturalism

Objective: CS.7 Continue to provide enhanced customer service, tailored to meet the needs of the multicultural clientele we serve.

MEASURE	TARGET
Market research	Completed and documented by December 2001
Articles in ethnic media	6 per year
Number of employees trained in multicultural service delivery	Fiscal 2001 02-40 Fiscal 2002 03-80 Fiscal 2003 04-80

Strategy

- Conduct market research to determine customer needs in key LDB trading areas.
- Conduct in-store multiculturalism promotions aimed at ethnic community celebrations.
- Review business practices such as Special Occasion Licences, social responsibility messaging, etc., to identify opportunities to enhance customer service to multicultural groups.
- Incorporate a module on multiculturalism in Principles of Supervision and Assistant Manager Development Program.

Training in Support of Customer Service

Objective: CS.6 Continue to develop and deliver high-impact training initiatives to enhance employee customer-service skills and product knowledge.

These include the following programs and courses:

- Progressive Retailing (PR)
- Assistant Manager Training Program (AMTP)
- Store Manager Development Program (SMDP)
- Product Knowledge (PK)

- Strategy** • Develop and/or design training initiatives in coordination with internal resources and external consultants where appropriate.
- Conduct formative and summative evaluation of all programs to determine impact and revise/refine as necessary.
 - Closely monitor and review content to identify and incorporate new and relevant information.

MEASURE	TARGET
Number of PR sessions delivered	Fiscal 2001-02: 10 Fiscal 2002-03: 10 Fiscal 2003-04: 10
Number of employees participating in PR	Fiscal 2001-02: 200 Fiscal 2002-03: 200 Fiscal 2003-04: 200
Number of AMTP modules delivered	Fiscal 2001-02: 11 Fiscal 2002-03: 11 Fiscal 2003-04: 10
Number of employees enrolled in AMTP	Fiscal 2001-02: 40 Fiscal 2002-03: 40 Fiscal 2003-04: 40
Number of SMDP institutes delivered	Fiscal 2001-02: 3 Fiscal 2002-03: 7 Fiscal 2003-04: 8
Number of employees enrolled in SMDP	Fiscal 2001-02: 30 Fiscal 2002-03: No intake planned Fiscal 2003-04: 30
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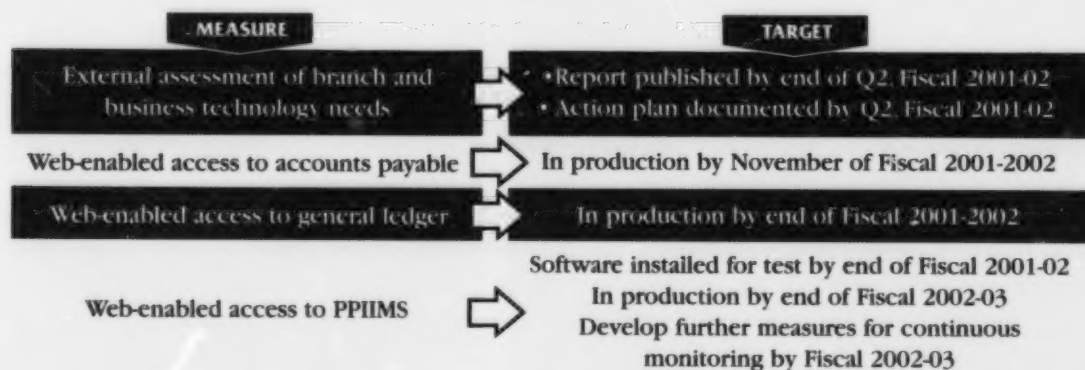
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Technology and Application Architecture, Continuous Improvement

(Formerly: Technology Strategy)

Objective: BE.6 Continuously improve and maintain currency of the LDB's technology system.



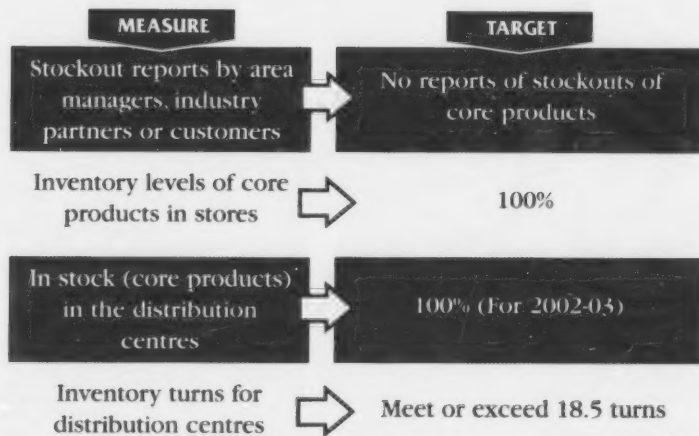
Strategy

- Conduct an external assessment of branch business and technology needs.
- Other elements of strategy to be developed when actions and milestones portion of business plans are completed.

Business Effectiveness

Supply Chain Management

Objective BE.1 Continuously ensure that the right products are in the right place at the right time and in the appropriate quantity to meet or exceed our customer expectations.



Strategy

- Area managers to report stockouts via weekly flash reports.
- Continue to work closely with industry partners to ensure sufficient supply of core products.
- Continue to manage stock levels of core products on a daily basis.
- Continue diligent management of SKU activity within the marketplace as it relates to promotions, added value, price activity, etc.

Supply Chain Improvements

Objective: BE.2 Continually improve and/or re-engineer the LDB Supply Chain with a view toward full integration by March 2004. Immediate improvements include: a new Retail Management System (RMS), a new Warehouse Operating System (WOS) and new product identification codes.

MEASURE	TARGET
RMS office system upgrades, checkstand installation, new cash register implementation	Complete for 222 stores by November 2001
RMS training for store employees	All full-time store employees trained by November 2001
RMS enhancements including wireless scanning in 50 stores and point-of-return functionality	Completed by November 2001
Implementation of RMS in Vancouver Central Licensee store	Completed by January 2002
Second full production release of RMS	Completed by May 2002
RMS budget	Fiscal 2001-02: 100% or below Fiscal 2002-03: 100% or below
WOS Implementation in Kamloops Distribution Centre	Completed by December 2001
WOS budget	Fiscal 2001-02: 100% or below Fiscal 2002-03: 100% or below
Scan sample of products delivered to distribution centre correctly matches product description on file • Supplier performance • Branch performance	100%
Scan sample of products delivered directly to stores correctly matches product description on file • Supplier performance • Branch performance	100%

Business Effectiveness

Supply Chain Management

Objective BE.1 Continuously ensure that the right products are in the right place at the right time and in the appropriate quantity to meet or exceed our customer expectations.

MEASURE	TARGET
Stockout reports by area managers, industry partners or customers	No reports of stockouts of core products
Inventory levels of core products in stores	100%
In stock (core products) in the distribution centres	100% (For 2002/03)
Inventory turns for distribution centres	Meet or exceed 18.5 turns

Strategy • Area managers to report stockouts via weekly flash reports.

- Continue to work closely with industry partners to ensure sufficient supply of core products.
- Continue to manage stock levels of core products on a daily basis.
- Continue diligent management of SKU activity within the marketplace as it relates to promotions, added value, price activity, etc.

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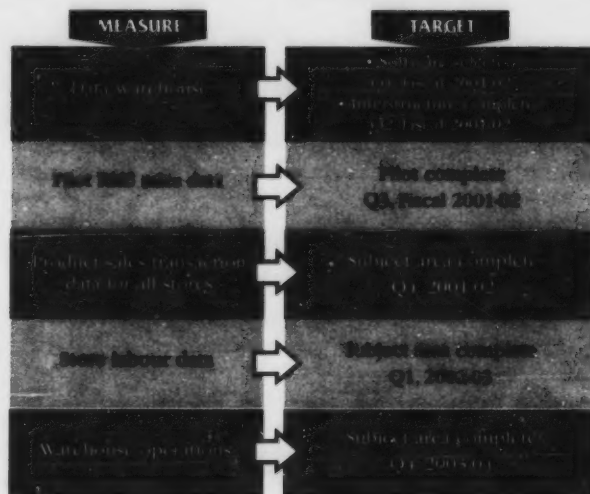
- Strategy**
- Work with suppliers, agents and warehousemen to ensure all product is correctly bar-coded.
 - Use UPC and SCC product identification codes in business procedures, systems, reports and publications.
 - Implement a new point-of-sale system in all B.C. liquor stores, and enhance it regularly to increase its efficiency and effectiveness.
 - Implement the Warehouse Operating System in the Kamloops Distribution Centre, and enhance it regularly to increase its efficiency and effectiveness in both the Vancouver and Kamloops Distribution Centres.

Enterprise Business Intelligence

(Formerly the Data Warehouse Component of Technology Strategy)

Objective: BE.3 To provide better, more accessible, and more timely data in support of management decision-making.

- Strategy**
- Activities will be aligned with the RMS project.
 - The project will be resourced through a combination of internal and external resources.



E-Business

Objective: BE.4 Investigate and pursue opportunities to simplify business processes, identify new sales sources and enhance customer service using Web technology.



- Strategy**
- Evaluate e-business strategy implementation roadmap developed by third-party consultant to prioritize initiatives.
 - Commence planning for e-change management.
 - Commence design of e-infrastructure.
 - Develop project charter and business case.
 - Develop detailed implementation plan.
 - Commence development and implementation.

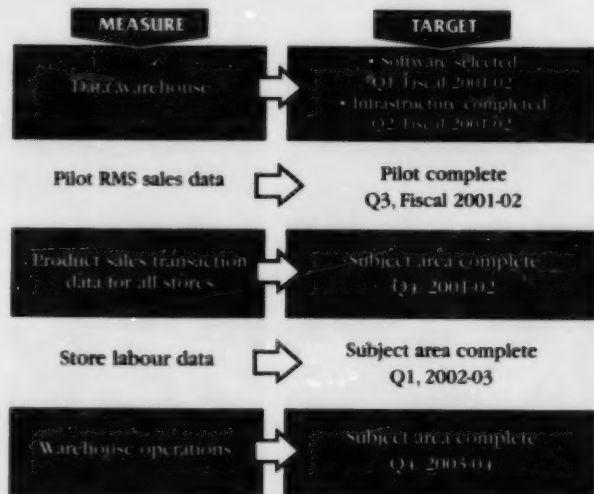
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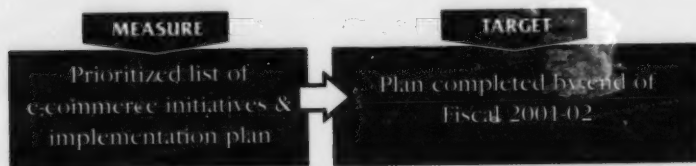
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Objective: BE.4 Investigate and pursue opportunities to simplify business processes, identify new sales sources and enhance customer service using Web technology.



Further measures to be developed (outcome measures) when implementation plan is completed.

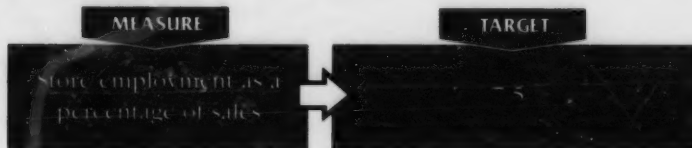
Additional measures may address initiatives relating to:

- Organizational Change
- Infrastructure
- Supply Chain
- Employee Self-Service
- Customer Relationship Management
- Knowledge Management
- E-procurement

- Strategy**
- Evaluate e-business strategy implementation roadmap developed by third-party consultant to prioritize initiatives.
 - Commence planning for e-change management.
 - Commence design of e-infrastructure.
 - Develop project charter and business case.
 - Develop detailed implementation plan.
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Store Efficiency

Objective: BE.5 Attain and maintain a 100 per cent efficiency rating for the LDB store system as a whole.

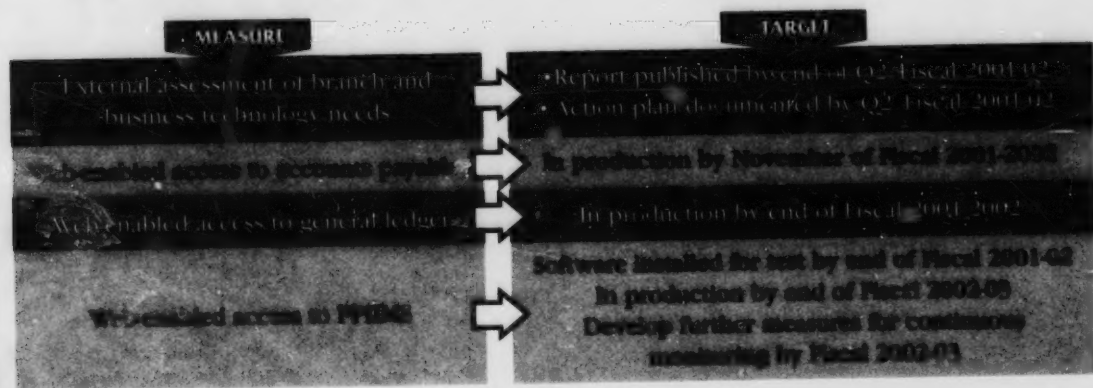


- Strategy**
- Area managers develop plan for identifying and communicating best practices.
 - Area managers monitor store forecasting and scheduling and review previous month to identify variance to forecast. Monitor exception stores on a more frequent basis.
 - Re-engineer store efficiency factors to acknowledge efficiencies gained by Retail Management System when fully implemented.

Technology and Application Architecture. Continuous Improvement

(Formerly: Technology Strategy)

Objective: BE.6 Continuously improve and maintain currency of the LDB's technology system.



Strategy • Conduct an external assessment of branch business and technology needs.

- Other elements of strategy to be developed when actions and milestones portion of business plans are completed.

Emergency Planning and Management

Objective: BE.7 Establish an emergency planning and management framework for the branch. Develop and exercise a family of coordinated emergency response and business continuation plans.

MEASURE

Emergency response plans:

- Employee guide
- Emergency & earthquake response procedures
- Emergency procedures for retail stores
- Product recall procedures

TARGET

Fiscal 2001-02: plans documented and tested

Fiscal 2002-03: updated and tested

Fiscal 2003-04: updated and tested

Business continuation plans

Fiscal 2001-02: document supply chain systems

Fiscal 2002-03: plans completed and tested

Fiscal 2003-04: updated and tested

Strategy

- Develop a task organization and supporting budget for emergency planning.
- Establish appropriate resources.
- Develop/update plans as described above (measures).
- Update and test plans on an ongoing basis.

Workplace Quality

Employee Health & Safety Objective: WQ.1 Improve attendance at work, and decrease STIIP/LTD and WCB claims costs. Increase safety awareness, and identify safe work practices throughout the organization.

MEASURE

WCB claim costs



TARGET

Fiscal 2001-02

Fiscal 2002-03

Fiscal 2003-04

All fiscal years not to exceed 0.45% of annual payroll

Sick leave (STIIP) costs



Fiscal 2001-02

Fiscal 2002-03

Fiscal 2003-04

All fiscal years not to exceed 2.85% of annual payroll

Safety inspection reports completed



100% completed annually

Safety Committee action
items completed



100% completed annually

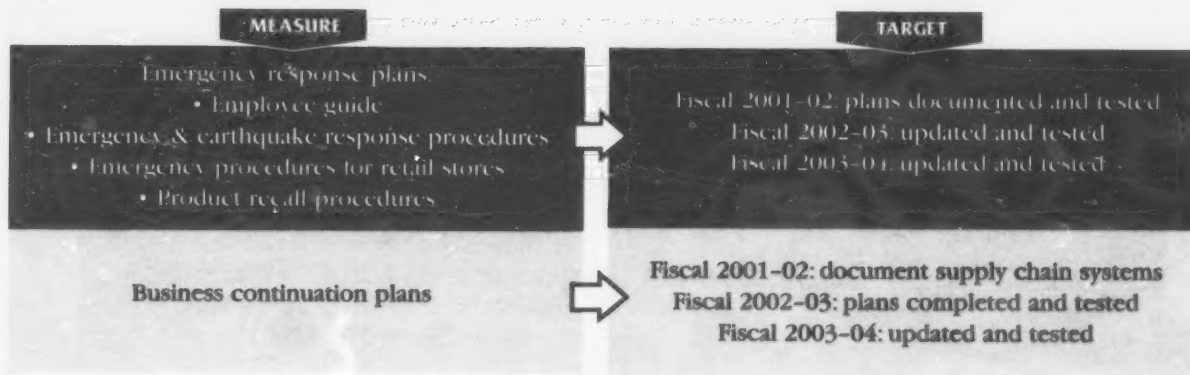
Items identified are actioned within one month of notification

Strategy

- Develop and deliver new support infrastructure for the management of health-related issues.
- Expand delivery of existing safety and health interventions with a focus on conducting regular safety audits and ergonomic assessments and the maintenance of an active safety committee/representative network.

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MEASURE	TARGET
WCB claim costs	Fiscal 2001-02 Fiscal 2002-03 Fiscal 2003-04 All fiscal years not to exceed 0.45% of annual payroll
Sick leave (STIIP) costs	Fiscal 2001-02 Fiscal 2002-03 Fiscal 2003-04 All fiscal years not to exceed 2.85% of annual payroll
Safety inspection reports completed	100% completed annually
Safety Committee action items completed	100% completed annually Items identified are actioned within one month of notification

Strategy • Develop and deliver new support infrastructure for the management of health-related issues.

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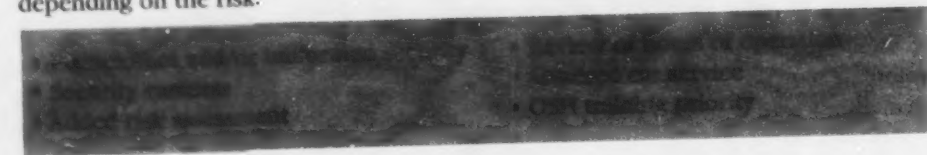
Violence in the Workplace

Objective: WQ.2 Improve safety of all LDB workplaces by reducing the potential for violence to employees through comprehensive training and awareness programs, and implementation of safety programs that involve all aspects of business operations.

MEASURE	TARGET
Number of employees trained in violence-in-the-workplace prevention	Fiscal 2001-02: 800 Fiscal 2002-03: 800 Fiscal 2003-04: 800
Store risk analysis reports	Fiscal 2001-02: 100% of stores completed
Violence prevention plans	Fiscal 2001-02: 100% of stores completed Fiscal 2002-03: 100% of stores completed Fiscal 2003-04: 100% of stores completed

Strategy

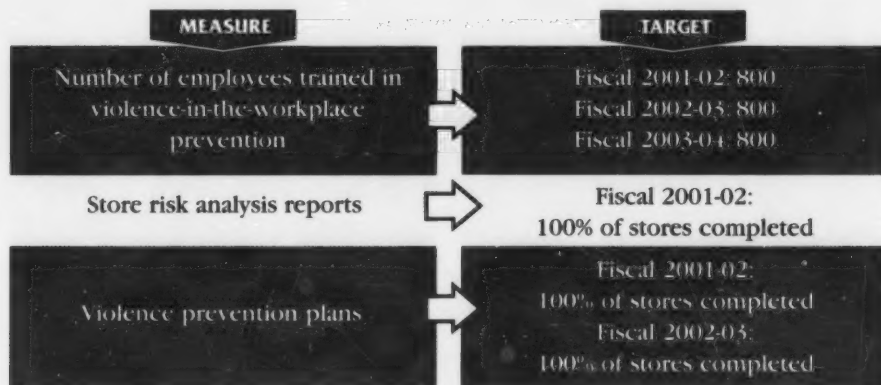
- Continue to communicate the LDB's commitment and policy on preventing violence in the workplace.
- Senior Store Operations directors/managers to continue to communicate with stores to promote monthly safety meeting topics such as "Know Your Space."
- Continue to review all risk analysis, Branch Incident Reports, Risk of Violence Reports, WCB and leave reports, and monitor information from stores regarding issues related to violence in the workplace on an ongoing basis.
- Workplace Risk Prevention resources/techniques to include some or all of the following, depending on the risk:



- Continue to review risk analysis for all new and renovated stores.

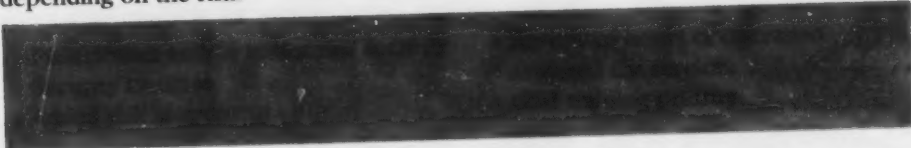
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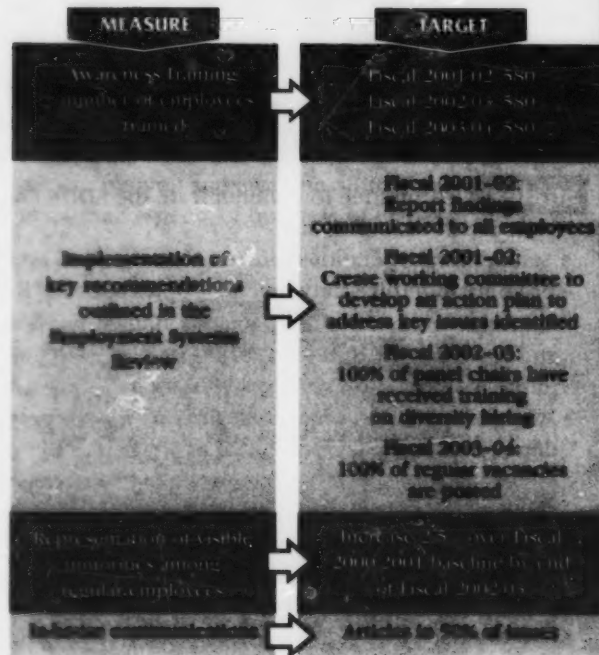
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Employee Diversity and Equity

Objective: WQ.3 By recognizing and valuing the unique contribution of each individual, the LDB will continue to actively develop an environment that reflects the principles of diversity and equity.

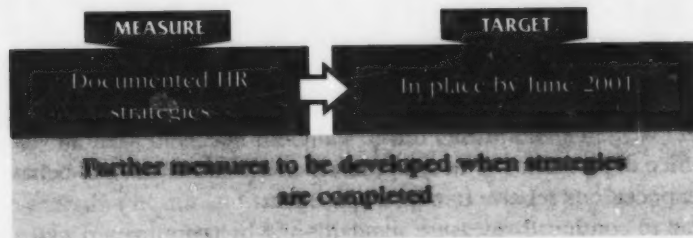
- Strategy** • Deliver comprehensive training to increase the level of awareness and to better equip supervisors and managers to enhance and maintain a diverse workforce.
- Inform employees about equity and diversity through various presentation formats, which will focus on findings from the Employment Systems Review Report.
 - Promote and secure union/management participation in developing an action plan focused on recommendations highlighted in the Employment Systems Review.
 - Focus outreach recruitment activities to organizations and community agencies that work specifically with visible minority populations and/or other equity groups.
 - Publish articles on equity and diversity that focus on customer service enhancement and workplace quality.



Human Resource Strategies

Objective: WQ.4 Develop and implement strategies to address key issues and challenges in the management of human resources. Specific strategies will be developed to deal with such challenges as:

- Retirements and succession planning
- Recruitment and retention
- Performance management
- Competencies
- Equity and diversity
- Employee and organizational development
- Organizational health



Strategy

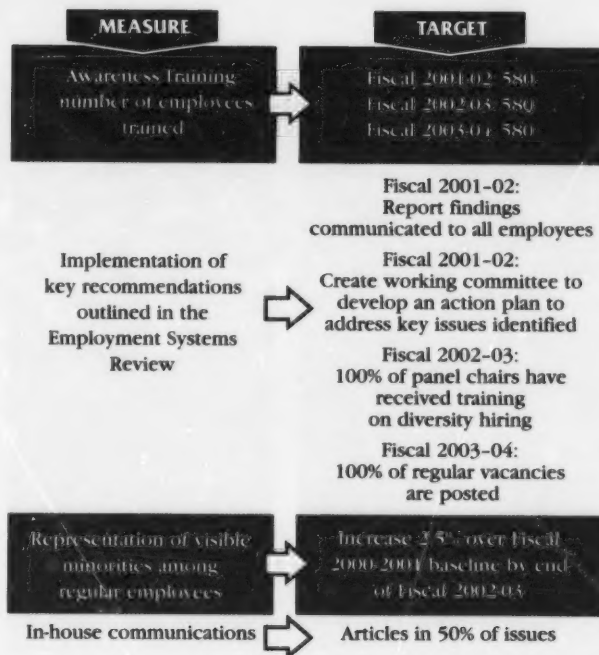
- Cross-functional steering committee to complete SWOT analysis and development of strategies by June 2001.

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Further measures to be developed when strategies are completed

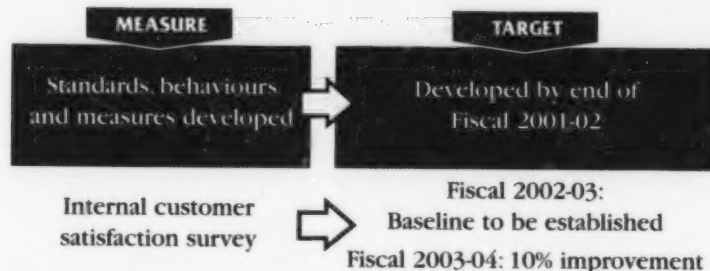
Strategy • Cross-functional steering committee to complete SWOT analysis and development of strategies by June 2001.

Internal Customer Service

Objective: WQ.5 Continually develop and promote internal customer service standards and behaviours to foster our corporate values in all business interactions between departments, among employees and with customers.

Strategy • Assemble a team of employees to develop standards and behaviours.

- Explore/benchmark Crown corporations and private companies for best practices.
- Develop and communicate standards and behaviours for stores, warehouse and head office departments.
- Encourage head office departments to develop detailed local standards and behaviours addressing client expectations relative to their department.
- Develop mechanism to continually measure standards and behaviours.

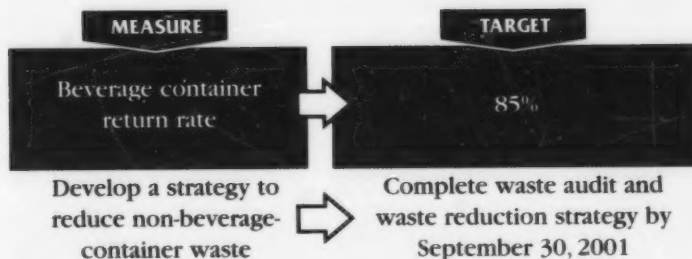


Social Responsibility

Waste Reduction

Objective: SR.1

Maintain a safe, cost-effective, consumer-friendly beverage container deposit/refund system, and increase the recycling of other waste materials generated by the LDB's operations.

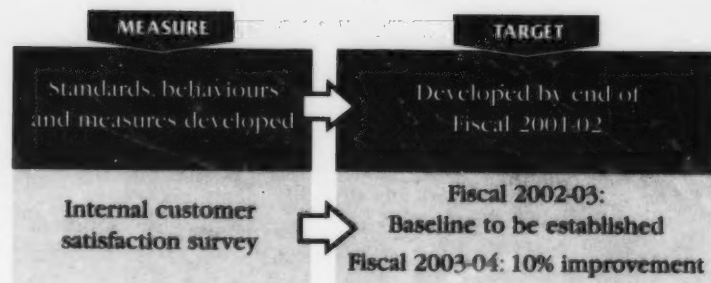


Strategy

- Closely monitor beverage-container return rate. Implement communications and/or other initiatives as necessary.
- Continue to ensure that health and safety concerns associated with the beverage-container return program are addressed.
- Complete an audit of non-beverage-container waste materials generated by the LDB, and develop a waste-reduction strategy.

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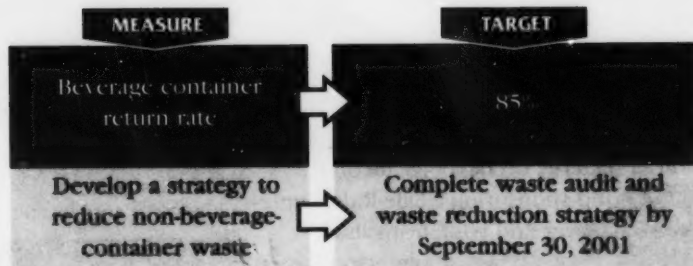
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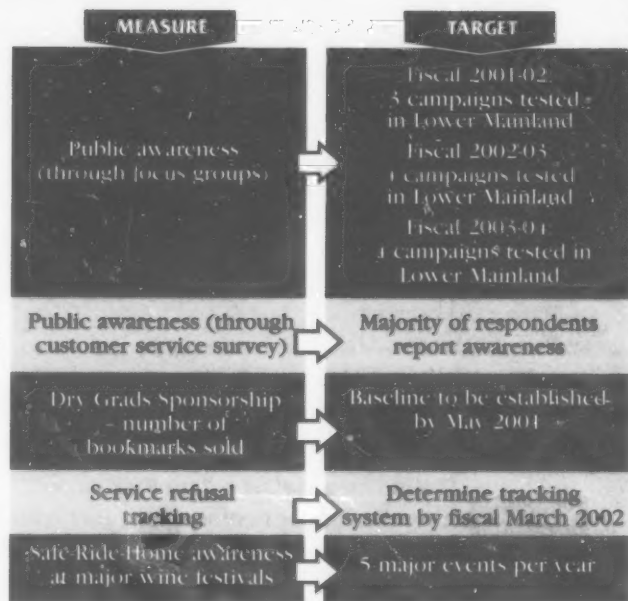
Responsible Use of Beverage Alcohol

Objective: SR.2 Continue to encourage the responsible use of beverage alcohol through LDB beverage alcohol awareness promotions.

Strategy • Continue existing Social

Responsibility programs including:
monthly alcohol awareness displays in stores,
distribution of material on beverage alcohol
and pregnancy, and sponsoring a Safe-Ride-Home
program at major beer and wine festivals.

- Solicit feedback from staff on alcohol awareness initiatives in stores.
- Solicit public feedback through market research testing and customer service surveys.
- Continue to work with suppliers and other agencies to develop joint beverage alcohol awareness campaigns.
- Ensure an ongoing social responsibility presence in LDB publications, and communicate alcohol awareness initiatives to staff and other stakeholders.
- Launch a Dry Grad campaign in the early spring to help support local school districts in providing safe, alcohol-free celebrations for graduating high school youths.
- Determine a tracking system to monitor service refusals.



Summary

Financial

Objective	Measure	Target 2001-02	Target 2002-03	Target 2003-04
Total Sales & Net Income	Total Revenue Net Income	\$1.72 billion \$616 million	\$1.75 billion \$625 million	\$1.76 billion \$631 million
Operating Expenses	Total Expenses	\$215 million	\$218 million	\$220 million

Customer Service

Marketing Strategy	Market research Detailed plan	Documented Documented	Documented Documented	
Customer Satisfaction	Survey results	90%	90%	90%
Wholesale Customers	Survey results "Straight Up" newsletter	85% 4 editions	85% 4 editions	85% 4 editions
Suppliers & Industry Partners	Meet with industry groups Meet with individual suppliers	2 times As requested	2 times As requested	2 times As requested
Retail Store Network	Renos, relocations and/or new locations	12	11	16

SUMMARY OBJECTIVES, MEASURES AND STRATEGIES

Responsible Use of Beverage Alcohol

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Strategy

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Wholesale Customers	Survey results "Straight Up" newsletter	4 editions	85% 4 editions	4 editions
Suppliers & Industry Partners	Meet with industry groups Meet with individual suppliers	2 times As requested	2 times As requested	2 times As requested
Retail Store Network	Reno's, relocations and/or new locations	12	14	16

SUMMARY OBJECTIVES, MEASURES AND STRATEGIES

Customer Service

Objective	Measure	Target 2001-02	Target 2002-03	Target 2003-04
Retail Store Network	Temporary seasonal stores	6	6	6
	New retail space management criteria			Criteria documented by December 2003
Training in Support of Customer Service	PR sessions delivered	10	10	10
	Employees trained in PR	200	200	200
	AMTP modules delivered	11	11	10
	Employees enrolled in AMTP	40	40	40
	SMDP institutes delivered	3	7	8
	Employees enrolled in SMDP	30	No intake	30
	Employees trained in PK2	150	150	150
	Employees trained in PK3	64	64	64
	Market research	Documented by December		
Multiculturalism	Articles in ethnic media	6	6	6
	Employees trained	40	80	80

Business Effectiveness

Objective	Measure	Target 2001-02	Target 2002-03	Target 2003-04
Supply Chain Management	Stockout reports	Zero reports	Zero reports	Zero reports
	Core product inventory	100%	100%	100%
	Core product in-stock positions in DC's		100%	100%
	Inventory turns in DC's	Meet or exceed 18.5 turns	Meet or exceed 18.5 turns	Meet or exceed 18.5 turns
Supply Chain Improvements	RMS systems, checkstands, cash registers	Complete all stores November 2001		
	RMS training	All FT store employees trained by November		
	RMS enhancements	Completed November 2001		
	RMS implementation in Vancouver Licensee store	Completed January 2002		
	Second RMS release		Completed May 2002	
	RMS budget	100% or less	100% or less	

Customer Service

Objective	Measure	Target 2001-02	Target 2002-03	Target 2003-04
Retail Store Network	Temporary seasonal stores	6	6	6
	New retail space management criteria			Criteria documented by December 2003
Training in Support of Customer Service	PR sessions delivered	10	10	10
	Employees trained in PR	200	200	200
	AMTP modules delivered	11	11	10
	Employees enrolled in AMTP	40	40	40
	SMDP institutes delivered	3	7	8
	Employees enrolled in SMDP	30	No intake	30
	Employees trained in PK2	150	150	150
	Employees trained in PK3	64	64	64
Multiculturalism	Market research	Documented by December		
	Articles in ethnic media	6	6	6
	Employees trained	40	80	80

Business Effectiveness

Objective	Measure	Target 2001-02	Target 2002-03	Target 2003-04
Supply Chain Management	Stockout reports	Zero reports	Zero reports	Zero reports
	Core product inventory	100%	100%	100%
	Core product in-stock positions in DC's		100%	100%
	Inventory turns in DC's	Meet or exceed 18.5 turns	Meet or exceed 18.5 turns	Meet or exceed 18.5 turns
Supply Chain Improvements	RMS systems, checkstands, cash registers	Complete all stores November 2001		
	RMS training	All FT store employees trained by November		
	RMS enhancements	Completed November 2001		
	RMS implementation in Vancouver Licensee store	Completed January 2002		
	Second RMS release		Completed May 2002	
	RMS budget	100% or less	100% or less	

Business Effectiveness

Objective	Measure	Target 2001-02	Target 2002-03	Target 2003-04
Supply Chain Improvements	WOS implementation in Kamloops	Completed December 2001		
	WOS Budget	100% or less	100% or less	
	Scan product sample to DC			
	Scan product sample to stores	100%	100%	100%
Enterprise Business Intelligence	Data warehouse	Software selected, infrastructure completed		
	Pilot RMS sales data	Pilot completed		
	Product sales transaction data	Subject area completed		
	Store labour data		Subject area completed	
	Warehouse operations			Subject area completed

Business Effectiveness

Objective	Measure	Target 2001-02	Target 2002-03	Target 2003-04
E-Business	Prioritized list of initiatives and plan	Plan completed		
Store Efficiency	Employment as a percentage of sales	7.5%	7.5%	7.5%
Technology & Application Architecture, Continuous Improvement	Assessment of needs	Report published & plan completed		
	Web access to accounts payable	In production by November		
	Web access to general ledger	In production by year-end		
	Web access to PPIIMS	Software installed for test	In production	
Emergency Planning	Emergency response plans	Documented & tested	Updated & tested	Updated & tested
	Business continuation plans	Supply chain systems documented	Completed & tested	Updated & tested

Business Effectiveness

Objective	Measure	Target 2001-02	Target 2002-03	Target 2003-04
Supply Chain Improvements	WOS implementation in Kamloops	Completed December 2001		
	WOS Budget	100% or less	100% or less	
	Scan product sample to DC			
	Scan product sample to stores	100%	100%	100%
Enterprise Business Intelligence	Data warehouse	Software selected, infrastructure completed		
	Pilot RMS sales data	Pilot completed		
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	Warehouse operations			Subject area completed

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	Business continuation plans	Supply chain systems documented	Completed & tested	Updated & tested

Workplace Quality

Objective	Measure	Target 2001-02	Target 2002-03	Target 2003-04
Employee Health & Safety	WCB claim costs	No more than 0.45% of payroll costs	No more than 0.45% of payroll costs	No more than 0.45% of payroll costs
	Sick leave	No more than 2.85% of payroll costs	No more than 2.85% of payroll costs	No more than 2.85% of payroll costs
	Safety inspection reports completed	100%	100%	100%
	Safety committee action plans completed	100%	100%	100%
Violence in the Workplace	Employees trained	800	800	800
	Store risk analysis reports	100%		
	Violence prevention plans	100% of stores completed	100% of stores completed	

Workplace Quality

Objective	Measure	Target 2001-02	Target 2002-03	Target 2003-04
Employee Diversity & Equity	Employees trained	580	580	580
	Key recommendations of Employment Systems Review implemented	Findings communicated to employees	All panel chairs trained in diversity hiring	100% of regular vacancies are posted
		Working committee established		
	Visible minority representation		2.5% increase over fiscal 2000- 2001 baseline	
	In-house communications	Articles in 50% of issues	Articles in 50% of issues	Articles in 50% of issues
Human Resource Strategies	Documented HR strategies	In place by June 2001		
Internal Customer Service	Standards, behaviours & measures	Developed by end of fiscal year		
	Internal customer satisfaction survey		Baseline established	10% improvement

Social Responsibility

Objective	Measure	Target 2001-02	Target 2002-03	Target 2003-04
Waste Reduction	Beverage container return rate	85%	85%	85%
	Waste reduction strategy developed	Completed by September		
Responsible Use of Alcohol	Public awareness focus groups	3 campaigns	4 campaigns	4 campaigns
	Public awareness survey results	Majority of respondents report awareness	Majority of respondents report awareness	Majority of respondents report awareness
	Dry grad sponsorship, bookmarks sold	Baseline established by May	TBD	TBD
	Service refusal tracking	System determined		
	Safe Ride Home awareness	5 events	5 events	5 events

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	Safe-Ride-Home awareness	5 events	5 events	5 events

Liquor Distribution Branch Customer Services

- B.C. Liquor Store Product & Service Information is available by calling toll-free, 1-800-567-9463, and in Vancouver by calling (604) 660-9463, Monday through Saturday, 9:30 a.m. - 10 p.m.
- Product Consultants are located in a number of B.C. liquor stores to help educate customers about numerous topics, such as production techniques, complementary food and wine pairings and tasting procedures.
- BC Specialty Liquor Stores offer on-site product consultants, extended store hours, expanded product portfolios and convenient locations.
- LDB Special Orders Department at (604) 252-3189 allows customers to order products not carried in B.C. liquor stores.
- Rural Agency Stores are generally located in retail outlets of small communities (e.g. grocery stores), and carry a selection of beverage alcohol at the same prices as B.C. liquor stores.
- Bring 'Em Back is the LDB's deposit-refund program for recycling beverage alcohol containers at B.C. liquor stores and authorized throughout the province.
- Special Occasion Licences are often required for special events where beverage alcohol is provided or sold. Applications and information are available at the customer service counters.
- Matters of Taste at www.bcliquorstores.com provides product information, specialty publications, services, store locations and special event information.
- Safe-Ride-Home programs are offered at a number of beer and wine festivals in the province, and provide patrons free or subsidized transportation from tasting events.

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